

Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

FEA-02 DRC-01 /175 W

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R 211953Z JUN 74

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6788

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

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E.O. 11652: /A

TAGS: EGEN, UY

SUBJ: MYSTERY MEAT SALE HITS LAST-MINUTE SNAGS

REF: MVD 1538 (NOTAL)

1. SUMMARY: THE EXPORT SALE OF 60,000 METRIC TONS OF MEAT, ANNOUNCED SOMEWHAT PREMATURELY BY THE PRESIDENT OF THE NATIONAL MEAT BOARD (INAC), HAS HIT LAST-MINUTE SNAGS, BUT INDICATIONS ARE THAT IT WILL STILL BE REALIZED. MEANWHILE OTHER MEAT EXPORTS ARE IN VARIOUS STAGES OF NEGOTIATION. END SUMMARY.

2. FOUR WEEKS AGO THE PRESIDENT OF INAC TRIUMPHANTLY ANNOUNCED THE CONCLUSION OF NEGOTIATIONS FOR THE EXPORT OF 60,000 TONS OF MEAT WHICH WOULD BRING IN OVER \$80 MILLION IN FOREIGN EXCHANGE. THE BUYERS AND THE DESTINATION OF THIS SALE, HOWEVER, WERE NOT PUBLICLY IDENTIFIED, NOR HAVE THEY BEEN SO FAR. THE PUBLIC SKEPTICISM AND

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RUMORS WHICH NATURALLY WERE CAUSED BY THIS MYSTERIOUS MANNER OF

ANNOUNCING AN IMPORTANT EXPORT SALE HAVE NOT ABATED AS THE WEEKS HAVE PAST WITH NO FURTHER WORD FROM THE GOU. THE EMBASSY'S OWN SOURCES, AS REPORTED IN REFTEL, MEANWHILE CONFIRMED THE EXISTENCE OF THE SALE, BUT CONTRARY TO THE INAC PRESIDENT'S STATEMENT, NEGOTIATIONS HAD NOT ACTUALLY BEEN CONCLUDED BECAUSE THE ALL-IMPORTANT LETTER OF CREDIT HAS NOT REACHED URUGUAY.

3. WITHIN THE PAST WEEK, THE EMBASSY RECEIVED CLEAR INDICATIONS FROM SEVERAL KNOWLEDGEABLE SOURCES THAT LAST MINUTE SNAGS WERE IMPEDING THE ISSUEANCE OF THE LETTER OR LETTERS OF CREDIT NECESSARY. AT ONE POINT KEY GOU OFFICIALS WERE ABOUT TO MAKE A QUICK TRIP TO THE UNITED STATES N THIS ACCOUNT, THOUGH THEY LATER CHANGED THIER MINDS.

4. ACCORDING TO A SENIR FONOF OFFICIAL TODAY (JUNE 21) THE SNAGS HAVE BEEN REAL BUT THE DEAL IS STILL ON. HE TOLD AN EMBASSY OFFICER THE DEAL IS A COMPLIATED ONE INVOLVING FREIGHT FOR OIL SHIPMENTS, THAT THE PURCHASERS ARE A GROUP OFMIDDLEMEN IN THE SHIPPING AND OTHER BUSINESSES HEADED BY A GREEK-AMERICAN IN NEW YORK AND CONNECTED TO THE WIDE-RANGING INTERESTS OF THE GREEKMULTIMILLIONAIRE ONASSIS. OUR FONOFF INFORMANT PROFESSES IGNORANCE HIMSELF AS TO THE FINAL DESTINATION OR DESTINATIONS OF THE MEAT AND SUGGESTED SOME OF THE DELAY HAS BEEN CAUSED BY CONTINUING EFFORTS OF THE MIDDLEMEN TO LOCATE BUYERS FOR THEMEAT THEY HAVE CONTRACTED TO PURCHASE THEMSLEVES. MORE THAN ONE BANK (BARKLEY'S BANK OF BRITAIN HAS BEEN MENTIONED BY OTHER SOURCES) AND PERHPAS MORE THAN ONE LETTER OF CREDIT ARE REQUIRED TO CONCLUDE THIS COMPLICATED TRANSACTION, BUT THE BANK OF AMERICA IN SAN FRANCISCO AND THE FIRST NATIONAL CITY BANK IN MONTVIDEO ARE DEFINITELY AMONG THOSE CONCERNED.

5. THE ADDITIONAL SALE OF 27,000 TONS OF MEAT LG BRAZIL HAS STILL NOT BEEN ANNOUNCED, AS FINAL DETAILS ARE BEING WORKED OUT. (OUR FONOF INFORMANT STATES GOU TOOK THE INITIATIVE TO URGE THIS SALE ON A PRESUMABLY RELUCTANT BRAZIL BY POINTING OUT THE VARIOUS ECONOMIC CONCESSIONS URUGUAY IS LIMITED OFFICIAL USE

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NOW RECEIVING OR LIKELY TO RECEIVE FROM ARGENTINAA.) URUGUAY IS ARRANGING A POTENTIALLY ADVANTAGEOUS DEAL WITH ARGENTINA WHEREBY THE LATTER COUNTRY WILL BORROW 12,000 TONS OF URUGUAYAN MEAT FOR PORCESSING N ARGENTINA, THEN RETURNING IT TO URUGUAY. A FURTHER DEAL INVOLVING THE POSSIBLE EXPORT OF AS MUCH AS 50,000 TONS OF URUGUAYAN MEAT IS UNDER DISCUSSION WITH SIAN INTERESTS.

6. COMMENT: THE LARGE-VOLUME MEAT DEALS MENTIONED ABOVE INVOLVE INTERNATIONAL GROUPS OF TRADERS WITH COMPLICATED BUYING AND SELLING OPERATIONS. ALTHOUGH THEY APPEAR TO OFFER URUGUAY'S BEST OPPORTUNITIES FOR MEAT EXPORTS NOW THAT URUGUAY'S TRADITIONAL MARKETS ARE LARGELY CLOSED, THEY ARE DEALS WHICH RUN THE RISK OF FALLING THROUGH AT THE LAST MINUTE SHOULD SOME LINK IN A CHAIN OF TRANSACTIONS FAIL. THUS THE INAC PRESIDENT TOOK A BIG CHANCE WITH HIS PREMATURE ANNOUNCEMENT OF THE 60,000 TON SALE. IN A FEW MORE DAYS WE SHOULD KNOW WHETHER HE WILL BE VINDICATED, AND WHETHER THIS AND THE OTHER MEAT SALES DESCRIBED ABOVE WILL GIVE THE BOOST TO URUGUAY'S SAGGING EXPORTS FOR WHICH EVERYONE HOPES.

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